

## Message Text

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ORIGIN XMB-04

INFO OCT-01 EB-07 TRSE-00 EUR-12 ISO-00 EA-06 CIAE-00

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EB/IFD/ODF: JWINDER

EB/IFD/ODF: RASWART

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R 111636Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY DUBLIN

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY TOKYO

AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: EFIN, ETRD, EEC

SUBJECT: EXPORT CREDIT GENTLEMEN'S AGREEMENT: EC REACTION TO  
US PROPOSALS

REF: BRUSSELS 6126

SMITH'S TELEX

LONDON 10497

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1. PLEASE PASS FOLLOWING MESSAGE TO DEREK SMITH, ECGD, LONDON,  
AND JAMES LOWE, DEPARTMENT OF INDUSTRY & COMMERCE,

DUBLIN. INFO ADDRESSEES SHOULD USE SUBSTANCE AS THEY DEEM APPROPRIATE, NOTING, HOWEVER, THAT MESSAGE RESPONDS TO PERSONAL COMMUNICATION FROM SMITH. WE SHARE FEELING EXPRESSED BY MISSION AND MRS. ARCHIBALD THAT DISCUSSIONS SHOULD BE KEPT PRIVATE, AND HAVE NO DESIRE TO BEGIN BICKERING IN PUBLIC OVER POSITION DIFFERENCES, LET ALONE RESPONSIBILITY FOR RESULTS OF RECENT TALKS.

2. (QUOTE) WE REGRET THAT OUR COUNTER-PROPOSALS HAVE BEEN REJECTED. AS YOU KNOW, THEY WERE PUT FORTH AFTER VERY CAREFUL DELIBERATION, IN THE SAME MANNER AS THE SMITH-LOWE PROPOSALS, IN AN EFFORT TO ACCOMMODATE THE OBJECTIONS OF ONE EC MEMBER COUNTRY TO ONE FEATURE IN THE COMPROMISE PROPOSAL THAT EMERGED FROM THE LAST NEGOTIATION IN BRUSSELS. WE CONTINUE TO BELIEVE THAT THE GEBERTH COMPROMISE OFFERS A BASIS FOR ARRIVING AT AN INITIAL UNDERSTANDING AND REMAIN WILLING TO CONTINUE ON THAT BASIS.

3. (QUOTE) WE REJECT OUT OF HAND THE STATEMENT IN MR. SMITH'S TELEX THAT WASHINGTON BEARS RESPONSIBILITY FOR THE BREAKDOWN IN DISCUSSIONS.

YOU WILL RECALL THAT THE U.S. WAS WILLING TO ACCEPT THE GEBERTH COMPROMISE IN MAY, AS WERE EIGHT EC MEMBER COUNTRIES. IT WAS REJECTED BY THE FRENCH AND THE JAPANESE. WE STILL ARE WILLING TO ACCEPT THAT COMPROMISE. IN JUNE, WE AGREED TO MEET WITH YOU IN AN EFFORT TO SEE IF SOME ARRANGEMENT MIGHT BE ARRIVED AT TO ACCOMMODATE THE OBJECTIONS STILL MAINTAINED BY THE FRENCH. UNFORTUNATELY, IT APPEARS THAT NEITHER THE SMITH-LOWE PROPOSAL NOR THAT PUT FORTH BY THE U.S. IS ACCEPTABLE TO ALL. THAT THIS EFFORT FAILED IS REGRETTABLE.

HOWEVER, TO CHARGE THE U.S. WITH RESPONSIBILITY FOR FAILURE BECAUSE IT WAS UNABLE TO ACCEPT THE SMITH-LOWE PROPOSAL AS TO HOW THE U.S. SHOULD GO BEYOND WHAT TWO OTHER COUNTRIES HAD REJECTED SIMPLY TURNS THE FACTS UPSIDE DOWN. (UNQUOTE)

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